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Appendix VI.

[Vide answer to question No. 1467 asked by Mr. F. E. James at the meeting of the Legislative Council held on the 24th February 1930, page 33 supra.]

G.O. No. 16, L. & M., dated 3rd January 1930.

Grants for the improvement of village communications in non-panchayat areas have been given since 1925-26. The principles laid down from time to time in connexion with the utilization of those grants have been consolidated and are appended to this order. Presidents of local boards are requested to observe them carefully.

(By order of the Government, Ministry of Education and Local Self-Government)

Hilton Brown,
Secretary to Government.

To all Presidents of District Boards (with copies to Presidents of Taluk and Union Boards).
,, all Collectors.
,, all Treasury Deputy Collectors.
,, the Accountant-General (through Finance Department).
,, the Finance Department.
,, the Inspector of Municipal Councils and Local Boards.
,, the Examiner of Local Fund Accounts.

APPENDIX.

The grants given for the improvement of village roads are non-recurring and any provision for the purpose is subject to the voting of funds by the Legislative Council every year.

2. The grants are sanctioned in favour of district boards and it is open to district boards to carry out the works themselves or to distribute the grants among the taluk or union boards under their control.

3. The grant sanctioned to each district board is subject to the condition that the local boards in the district contribute from their funds or otherwise an amount equal to the total grant sanctioned for the district except where the Government for special reasons permit a reduced contribution.

4. Applications for grants in a year should be submitted in the prescribed form so as to reach Government not later than the 1st September of the previous year. District boards which do not apply within the date specified will forfeit all claim to a grant. Preference will be given to those boards which have definite programmes of work to be executed in any given year. The grants will be distributed on the basis that the first grant made to any district will not exceed Rs. 40,000 and that no district board will be allotted more than the sum for which it applies. Any balance held in reserve after the first distribution will be paid to district boards which spend the original allotment and apply for a second or supplementary grant for specific schemes by 1st September in each year. Any balance of grant remaining unspent at the end of the year will lapse and will not be reallotted in the following year.

5. The grants sanctioned in a year are intended to meet the expenditure to be incurred in that year and should not, without the special sanction of Government, be applied to expenditure incurred in previous years.

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6. There is no objection to the utilization of a portion of the grant allotted for a road on the acquisition of lands required for it provided that the total provision is sufficient to cover the whole cost of the construction of the road in addition to such acquisition.

7. The cost of any special establishment employed in connexion with the execution of the works may be debited to the Government grant and local fund contribution for those works in the proportion of the first to the second up to a limit of 10 per cent of the total outlay on the works.

8. No grant is admissible for the upkeep of village roads whether constructed with the aid of Government grants or not.

9. No work should be undertaken before the estimate for it has been sanctioned by the competent authority.

10. The grants are disbursed on the post-payment system. When a local board makes a payment for a grant work and presents a bill at the treasury, the Treasury Officer will credit in favour of that board an amount which will bear to the amount paid according to the bill the same proportion as the total Government grant allotted to the local board bears to the total contribution from all sources, viz., Government grant, district board contribution, taluk or union board contribution, contribution from private individuals, etc. With each bill presented at the treasury, the president of the local board should send—

(i) a certificate signed by him to the effect that the amount has been spent for the purpose for which it was sanctioned and that the work has been actually carried out and duly paid for ; and

(ii) an explanatory memorandum showing how the proportion of the Government grant claimed to the total expenditure has been arrived at.

G.O. No. 493, Finance, dated 11th May 1921.

In G.O. No. 1193 M., dated 30th August 1920, a Committee was appointed to consider the financial relations which should subsist between the Provincial Government and the local bodies in the Madras Presidency and the principles on which the former should afford assistance to the latter. The Committee submitted its report on the 17th November 1920 and the Government now proceed to pass orders on certain of its recommendations.

2. In paragraphs 32 to 46 of their report the Committee have attempted to lay down certain general principles. These are accepted in the following modified form :—

(1) that ordinarily grants should be made for specific services and not in aid of the general resources of the local bodies ;

(2) (*a*) that Government aid to local bodies should be confined to certain services which are semi-national in character ;

(*b*) that the aid may take the shape of the central administration of a service or part of a service (in which case the whole cost of such administration will be borne from provincial funds) or of a payment to the local body of the cost, or part of the cost, of administering the service ;

(*c*) that the Government will determine from time to time what services are to be regarded as semi-national and which of them should be centrally administered ;

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(3) that exceptions to the general rule in (1) above are admissible in case of (*a*) specially poor local bodies, (*b*) pilgrim centres and (*c*) sanitaria;

(4) that grants for capital expenditure should ordinarily be made out of loan funds;

(5) that grants to local bodies should as a rule be paid after the expenditure is incurred by them, but this should not prevent advance payments being made, to be adjusted subsequently when the actual expenditure is known.

3. *Grants for Trunk roads.*—In G.O. No. 347 L., dated 9th April 1920, the Government undertook to reimburse to local boards the actual expendidure incurred on certain roads which were to be regarded as trunk roads subject to a maximum limit of Rs. 500 a mile on the average for each district, the grant being payable after the close of each financial year on the production of an account of the expenditure actually incurred in the year. The undertaking was extended to municipalities in G.O. No. 988 M., dated 23rd July 1920, the maximum grant being fixed at Rs. 1,000 a mile for 1920–21, subject to reconsideration in subsequent years. These grants will be continued on the same lines except that the maximum grant per mile for municipalities may be reduced for 1921–22 and future years.

4. What is known as the 14 lakhs grant is a grant which till 1918–19 was distributed among district boards in such proportion that each should receive one-fourth of the amount it collected in land-cess. In 1918–19 it was stereotyped so that each district board should secure annually the sum which it received from this grant in 1917–18, the total amount actually disbursed in 1918–19 being 17·28 lakhs. The Committee recommended that the basis of this distribution should be altered without any change in the amount and that the sum should in future be allocated specifically to the payment of a proportion of the cost of upkeep of what may be classed as second-class roads. The Government accept the principle of this recommendation—that the grant should take the form of payment for specific services rendered—but they are unable to give an undertaking that the contribution to individual boards will not be reduced below the amount that is now given to them out of the 14 lakhs grant. In view of the fact that the budgets of local bodies have already been framed on the basis of the existing practice, the change will be introduced with effect from 1922–23.

5. The Government agree that the incidence of the charges for the construction and maintenance of bridges and causeways should follow those of the roads on which they are situated, subject to the reservation that they cannot undertake any specific recurring liability for the purpose of constructing bridges on roads maintained at the cost of provincial funds.

6. The Government accept the position that collegiate education is not ordinarily the business of a local body.

7. As regards hospitals, the Government have already, in accordance with a resolution in the Legislative Council, decided to waive the payment from 1921–22 of the contributions hitherto received towards the cost of the district headquarter hospitals of which they have assumed control. With regard to other hospitals and dispensaries they are prepared to accept the principle that a share of the charges incurred in all institutions should be met from provincial funds and consider that the proportion and the basis of

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calculation should be similar for all. With regard to buildings, the Government will pay half the cost of buildings approved by them, but cannot guarantee to find any particular sum of money in any particular year.

8. In view of the principles adopted with regard to other services and of the large commitments which they entail, the Government do not consider it necessary to bind themselves in future to pay three-fourths of the cost of health officers appointed by municipal councils or other local bodies. They are prepared to continue to pay a share of the cost of these services, but the precise proportion will be determined with reference to the contributions to the cost of other services.

9. As regards water-supply and drainage schemes in urban areas, the Committee suggest that no municipality should be asked to bear more than the amount it can raise by way of loan without injury to its general administration and that the difference between this amount and the total cost of the scheme should be borne by the State. For this purpose the majority of the Committee proposed to fix the maximum property tax which municipalities should levy for water-supply and drainage at $12\frac{1}{2}$ per cent of the annual value, while a minority was in favour of limiting it to 10 per cent. The Government cannot accept this as a reasonable basis of calculation. Local rates are exceptionally low in India and to limit the rate of water and drainage tax to $12\frac{1}{2}$ per cent on the annual value of property, would be to postpone all improvement indefinitely. Until some better method of distributing the cost can be devised the Government prefer to adhere to the existing half and half principle, exceptions being made in the case of special localities, such as some pilgrim centres.

10. *Minor sanitary works.*—The Government agree with the Committee that minor sanitary grants as such should cease. They are, however, prepared to contribute towards the cost of rural water-supply schemes where local boards put forward specific schemes which have been examined and certified to by the sanitary and engineering authorities. In such cases the Government expect that the places for which the water-supply is intended should be constituted into unions and rates levied to cover a portion of the cost.

11. With regard to the cost of lymph supplied to vaccinators from the King Institute at Guindy, the Government are prepared to go beyond the recommendation of the Committee and to waive the recovery of the cost altogether as a part of their contribution towards the cost of the vaccination service, the local bodies being held responsible only for the payment of the vaccinating staff.

12. As regards veterinary institutions, the Government have decided to take them entirely under provincial control and to relieve local bodies of the charges for maintaining them. The change will not however take place until 1922–23.

13. The Government fully endorse the Committee's objections to the allocation to local bodies of a share of the excise revenue and they consider that the same objections apply to the recommendation made by the Committee that local bodies may be allowed to levy a surcharge on the abkari revenue.

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14. The Government are not prepared to treat as a provincial matter the care of the avenues on local fund and municipal roads or the appointment of an officer to supervise them.

15. The Government see no reason why there should be any exact uniformity as to the share to be borne by the Government of the cost of the various local services. There will naturally be a differentiation between those which are of more, and those which are of less, national importance and between those the carrying out of which can properly be forced on the local bodies and those in the carrying out of which the local bodies may, in equity, expect help. In the immediate future it is not likely that the total amount of financial assistance which can be given to local bodies can exceed largely what has been given in the past few years.

16. Orders will issue separately on the other recommendations of the Committee not dealt with in the foregoing paragraphs.

17. The Government desire to convey to the non-official members of the Committee their sense of appreciation of the valuable services rendered by them and their arduous labours in connection with the deliberations of the Committee.

(By order of the Governor in Council)

P. L. MOORE,
Acting Secretary to Government.

To the Accountant-General.
" Local Self-Government Department.
Copy to the Revenue Department.
" Law (Education) Department.
" Public Works Department.
To the Publicity Officer.

APPENDIX VII.

[Vide answer to question No. 1474 asked by Mr. S. Venkiah at the meeting of the Legislative Council held on the 24th February 1930, page 37 supra.]

Proceedings of the Commissioner of Excise, R. No. 2887-Abk., dated the 2nd December 1929.

Shops—Closure on Sundays and election days—Orders—G.O. Mis. No. 2435, Revenue, dated 20th November 1929.

In pursuance of the resolution of the Legislative Council at its meeting held on 27th September 1929, recommending the closure of liquor and drug shops on Sundays, public holidays and election days, the Commissioner